

MEMORANDUM

TO: SFS Directors

FROM: Paul McElwain, Director
School & Community Nutrition

Ron Brown, Director
School Finance

Pat Cassetty, Director
Division of Food Distribution
Kentucky Department of Agriculture

DATE: January 10, 2002

RE: Commodity program changes

A number of you have requested a waiver from the requirements of 7 CFR 250 that require you to keep a separate inventory of commodity items. This is because those items will increasingly bear the private label of the particular manufacturer of the items. That waiver request has been or will be approved and returned to you by Pat Cassetty. Those of you who have not requested the waiver will continue the separate inventory of commodity items through June 30, 2002.

As we move toward a system where commodity items you receive no longer bear a commodity label but instead bear the private, commercial manufacturer's label; a number of changes in current practice must take place. We will try to address those in this memo.

First, we will not be making changes in the D-packet this year. Those forms that refer to "commodities" will be changed for the next school year. For the remainder of this year, you are not required to complete any section of the forms that refers to "commodity". That includes references on the D-2, D-5, D-7, the D-9, and the D-9A.

Second, references to "USDA Foods" on the Menu and Production Plan and references to "separating, dating, inventory and loss of commodities" on the short and long version of the Local Monitor Review forms can be ignored. The Division of Food Distribution will provide a copy of the revised form when the approved waiver request is returned to you.

Third, the Claim for Reimbursement asked for an amount that represents the cost of “USDA Commodity” items used during the month. Do not put anything in that column in Section IV, number 1b. The cost of food used will all be indicated as “Purchased” food in 1a. The “Cost per Program and Element” or CPE report will indicate a 0% next to the per plate amount attributable to commodities.

Fourth, with regard to MUNIS districts should record the receipt of commodities in revenue object code 4550 Child Nutrition Program Revenue. The use of commodities should be documented by debiting expenditure object code 0630 either on a monthly or annual basis for the same amount recorded to the revenue code. For example, receipt of \$1,000 in commodities would be credited to 510-4550 in the amount of \$1,000. The use of \$1,000 would be documented by a debit of \$1,000 to 0005101-0630. That may be done even on an individual school basis.

Districts that reconcile revenues and/or expenditures to the bank statement must remember that those transactions outlined above are not cash transactions.